

Healthcare Sector Update

November 2013

Summary – Healthcare Services

- The S&P Healthcare Services Index has risen 2.3% over the last three months, underperforming the S&P 500.
- Over the past three months:
 - > The best-performing sectors were Care Management / TPA (up 22.8%) and Emergency Services (up 15.1%).
 - > The worst-performing sectors were Assisted Living (down 13.3%) and Diagnostic Imaging (down 11.9%).
- The current median LTM revenue and LTM EBITDA multiples for the Healthcare Services industry overall are 1.67x and 9.9x, respectively.
- The sectors with the highest valuation multiples include:
 - > Specialty HCIT (3.42x LTM Revenue, 36.1x LTM EBITDA)
 - > Provider Based HCIT (3.22x LTM Revenue, 22.0x LTM EBITDA)

Summary – Pharmaceutical / Medical Devices / Life Sciences

- The S&P 500 - Pharmaceuticals, Biotechnology & Life Sciences Index has risen 3.6% over the last three months, outperforming the S&P 500.
- Over the past three months:
 - > The best-performing sectors were Diagnostic Imaging Devices (up 30.3%) and Lab Equipment (up 20.9%).
 - > The worst-performing sectors were Surgical Devices (down 4.3%) and Ophthalmology (down 0.6%).
- The current median LTM revenue and LTM EBITDA multiples for the Pharmaceutical / Medical Device / Life Science industry overall are 2.60x and 13.6x, respectively.
- The sectors with the highest valuation multiples include:
 - > Biotechnology (8.71x LTM Revenue, 18.7x LTM EBITDA)
 - > Pharmaceuticals (4.32x LTM Revenue, 12.9x LTM EBITDA)

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MARKET SECTOR	No. of Co's	Ag. Eqty Mkt. Value	Median % Change		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	Rev	EBITDA	LTM	2013E	
Acute Care Hospitals	7	\$43,418	5.1%	65.9%	1.19x	8.4x	19.2x	17.9x	1.7x
Assisted Living	6	5,365	(13.3%)	(9.1%)	1.69x	15.5x	14.4x	17.3x	0.9x
Care Management / TPA	7	8,779	22.8%	75.7%	1.88x	13.9x	29.6x	20.9x	1.3x
Clinical Laboratories	5	24,636	12.8%	19.1%	1.96x	8.9x	19.0x	17.5x	1.4x
Contract Research Orgs	6	18,249	3.2%	72.0%	1.80x	12.7x	27.5x	22.0x	1.7x
Diagnostic Imaging	3	371	(11.9%)	(5.8%)	1.80x	5.7x	1.5x	11.8x	2.4x
Dialysis Services	2	32,260	(0.3%)	(5.1%)	2.04x	10.2x	19.8x	16.6x	2.1x
Distribution / Supply	7	87,987	8.3%	52.4%	0.30x	11.8x	23.5x	20.0x	1.5x
Emergency Services	2	1,733	15.1%	6.1%	1.96x	8.0x	27.3x	24.5x	1.5x
HCIT - Provider Based	10	34,176	4.1%	26.3%	3.22x	22.0x	41.5x	33.5x	1.9x
HCIT - Specialty	8	8,871	9.4%	50.4%	3.42x	36.1x	37.6x	27.5x	1.5x
Healthcare Staffing	5	6,515	8.0%	58.9%	1.26x	13.5x	28.2x	23.7x	1.5x
Home Care / Hospice	6	2,973	3.4%	19.7%	0.64x	6.9x	14.8x	15.8x	1.4x
Long Term Care	4	2,395	(4.1%)	21.6%	0.64x	9.8x	13.5x	14.4x	1.1x
Managed Care - Commercial	7	156,238	(1.1%)	38.3%	0.56x	7.0x	12.8x	11.4x	1.0x
Managed Care - Government	3	7,428	1.2%	40.1%	0.23x	6.5x	19.4x	19.8x	1.0x
Other Services	4	12,024	6.9%	16.8%	1.78x	18.2x	34.1x	32.7x	2.0x
Pharmacy Management	5	66,631	(4.6%)	4.3%	0.75x	10.0x	27.4x	15.3x	1.0x
Physician Practice Mgmt	2	5,382	8.6%	34.8%	1.65x	10.2x	33.1x	19.9x	1.4x
Psychiatric Hospitals	3	4,182	8.4%	111.1%	0.39x	7.8x	17.6x	19.2x	1.3x
Specialty Managed Care	2	4,756	(5.1%)	26.7%	0.39x	5.4x	9.5x	9.1x	1.0x
Surgicenters / Rehabilitation	7	8,352	3.6%	32.2%	1.68x	9.4x	19.7x	18.8x	1.3x
Total / Median (\$MM)	111	542,721	3.8%	29.4%	1.67x	9.9x	19.8x	19.0x	1.4x

Source: Capital IQ

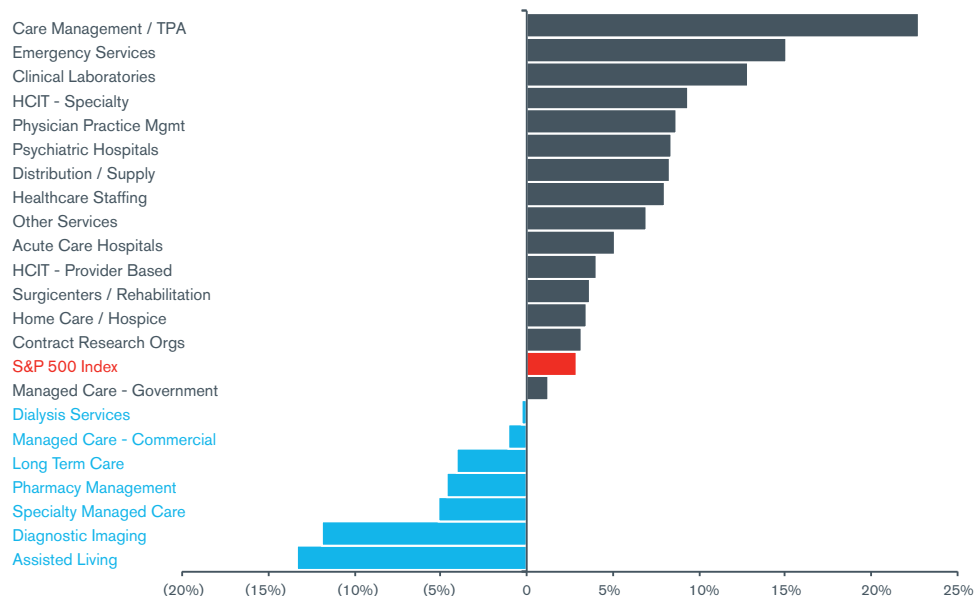
CAPITALIZATION PROFILE	No. of Co's	Ag. Eqty Mkt. Value	% Total No. of Co's	% Ag. Eqty Mkt. Value	Stock Performance			
					3 mo	YTD	12 mo	36 mo
> \$5 billion	23	\$424,006	20.7%	78.1%	5.3%	53.4%	36.3%	33.1%
\$1 billion - \$5 billion	38	97,703	34.2%	18.0%	4.8%	82.6%	51.3%	42.6%
\$250 million - \$1 billion	32	19,078	28.8%	3.5%	3.6%	93.5%	59.8%	51.9%
\$100 million - \$250 million	7	1,355	6.3%	0.2%	(8.1%)	97.5%	38.9%	36.0%
< \$100 million	11	579	9.9%	0.1%	5.7%	4.2%	(4.2%)	(5.4%)
Total / Median (\$MM)	111	\$542,721	100.0%	100.0%	3.8%	82.6%	29.4%	36.0%

Source: Capital IQ

MARKET INDICES	Value at 10/31/13	% Change			
		3 mo	YTD	12 mo	36 mo
Dow Jones Industrial Average	\$15,545.8	(0.5%)	18.6%	17.5%	39.7%
S&P 500 Index	1,756.5	2.9%	23.2%	23.0%	48.3%
NASDAQ Composite Index	3,919.7	6.6%	29.8%	29.8%	56.5%
Russell 2000 Index	1,100.2	3.8%	29.5%	32.9%	57.5%
AMEX Sector Index - Healthcare	106.3	11.9%	30.1%	25.9%	12.3%
S&P Healthcare Facilities (Sub Ind) Index	296.4	3.1%	47.4%	60.8%	62.3%
S&P Healthcare Providers & Services (Industry) Index	441.2	4.4%	42.2%	50.4%	84.7%
S&P Managed Healthcare (Sub Ind) Index	235.6	3.3%	31.3%	32.5%	84.7%
S&P Healthcare Services	327.3	2.3%	12.7%	17.6%	56.8%

Source: Capital IQ

Median% Change – 3 months

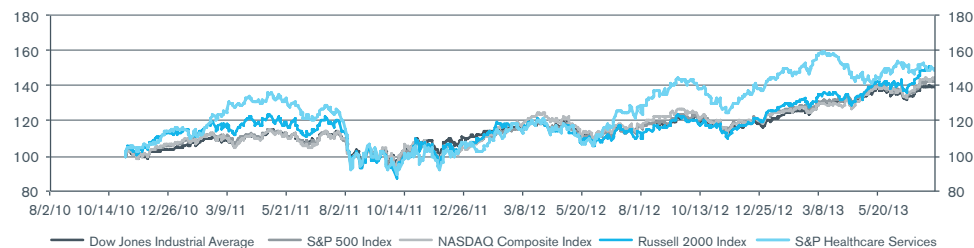


Source: Capital IQ

INTEREST RATES	Value at 10/31/13	1 mo ago	3 mo ago	12 mo ago
LIBOR - USD - 5 Month	0.00%	0.00%	0.37%	0.46%
U.S. Treasury - 2 year	0.31%	0.33%	0.31%	0.28%
U.S. Treasury - 5 years	1.32%	1.34%	1.39%	0.71%
U.S. Treasury - 10 years	2.54%	2.62%	2.59%	1.69%
U.S. Treasury - 30 years	3.63%	3.69%	3.65%	3.65%
U.S. Prime Rate	3.25%	3.25%	3.25%	3.25%

Source: Capital IQ

Performance of Market Indices for Latest 36 months



Source: Capital IQ

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 10/31/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
Acute Care Hospitals																	
Chindex International Inc.	CHDX	\$16.83	(1.7%)	62.3%	\$19.21	\$9.81	\$281	\$292	\$164.5	\$19.0	\$0.24	NM	1.78x	15.4x	NM	NM	NM
Community Health Systems, Inc.	CYH	43.63	(5.3%)	59.1%	51.29	27.01	4,071	14,013	13,043.3	1,627.8	2.96	2.94	1.07x	8.6x	23.0x	14.8x	1.09x
HCA Holdings, Inc.	HCA	47.14	20.9%	65.9%	49.52	27.92	20,596	49,931	33,386.0	6,361.0	3.49	3.26	1.50x	7.8x	15.1x	14.4x	1.29x
Health Management Associates Inc.	HMA	12.82	(4.9%)	75.6%	17.28	7.24	3,336	6,992	5,868.3	882.1	0.67	0.60	1.19x	7.9x	26.8x	21.3x	1.66x
LifePoint Hospitals Inc.	LPNT	51.64	5.1%	46.1%	53.29	34.72	2,428	4,050	3,619.0	485.1	3.14	2.83	1.12x	8.3x	19.2x	18.3x	2.07x
Tenet Healthcare Corp.	THC	47.19	5.7%	100.0%	49.48	23.67	4,795	10,506	9,548.0	1,231.0	1.70	2.19	1.10x	8.5x	NM	21.6x	2.11x
Universal Health Services Inc.	UHS	80.56	15.2%	94.6%	81.69	40.76	7,910	11,668	7,247.9	1,382.8	4.53	4.58	1.61x	8.4x	15.3x	17.6x	1.70x
Median			5.1%	65.9%									1.19x	8.4x	19.2x	17.9x	1.68x
Assisted Living																	
AdCare Health Systems Inc.	ADK	\$3.95	(12.2%)	(16.7%)	\$6.26	\$3.62	\$61	\$223	\$225.4	\$7.2	(\$1.01)	(\$0.92)	0.99x	31.2x	NM	NM	NM
Brookdale Senior Living Inc.	BKD	27.08	(7.0%)	15.4%	30.65	21.28	3,360	5,955	2,492.2	391.9	(0.54)	0.02	2.39x	15.2x	NM	NM	NM
Capital Senior Living Corp.	CSU	22.18	(3.7%)	37.9%	27.90	15.79	619	1,028	338.9	56.7	(0.11)	0.26	3.03x	18.1x	NM	NM	NM
Emeritus Corp.	ESC	19.16	(17.4%)	(14.7%)	30.95	18.15	914	4,847	1,673.2	306.1	(1.73)	(2.31)	2.90x	15.8x	NM	NM	NM
Five Star Quality Care Inc.	FVE	5.07	(14.4%)	(3.6%)	6.87	4.44	245	276	1,231.4	45.5	0.28	0.21	0.22x	6.1x	19.0x	24.0x	NM
Skilled Healthcare Group, Inc.	SKH	4.26	(34.7%)	(45.2%)	8.01	4.10	167	611	864.2	72.9	0.57	0.40	0.71x	8.4x	9.9x	10.6x	0.89x
Median			(13.3%)	(9.1%)									1.69x	15.5x	14.4x	17.3x	0.89x
Care Management / TPA																	
Alerc Inc.	ALR	\$33.73	1.0%	75.7%	\$36.05	\$17.20	\$2,758	\$6,262	\$3,012.9	\$631.7	(\$1.23)	\$2.36	2.08x	9.9x	NM	14.3x	1.07x
CorVel Corporation	CRVL	41.60	22.8%	95.6%	44.77	20.16	881	859	456.7	67.0	1.06	1.52	1.88x	12.8x	29.6x	27.5x	NM
Crawford & Company	CRD.B	10.99	39.8%	99.5%	11.30	5.13	522	657	1,192.8	128.1	0.89	0.91	0.55x	5.1x	10.3x	12.0x	1.34x
ExamWorks Group, Inc.	EXAM	25.85	6.5%	84.4%	28.27	11.27	936	1,275	596.8	77.5	(0.44)	(0.31)	2.14x	16.5x	NM	NM	NM
Healthways Inc.	HWAY	9.62	(43.9%)	(1.1%)	22.20	8.81	337	595	669.2	39.7	0.24	(0.07)	0.89x	15.0x	NM	NM	NM
Hooper Holmes Inc.	HH	0.60	57.9%	0.0%	0.74	0.31	42	40	138.5	(6.1)	(0.25)	NM	0.29x	NM	NM	NM	NM
MAXIMUS, Inc.	MMS	48.45	28.8%	75.6%	50.55	27.20	3,304	3,117	1,247.7	201.1	1.15	1.65	2.50x	15.5x	32.0x	29.3x	1.42x
Median			22.8%	75.7%									1.88x	13.9x	29.6x	20.9x	1.34x

Source: Capital IQ as of October 31, 2013; For definitions, see page 9

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 10/31/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E	
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E		
Clinical Laboratories																		
Bio-Reference Laboratories Inc.	BRLI	\$32.41	21.2%	16.8%	\$33.69	\$23.36	\$897	\$903	\$734.0	\$103.5	\$1.56	\$1.85	1.23x	8.7x	19.0x	17.5x	1.02x	
Laboratory Corp. of America Holdings	LH	100.90	4.3%	19.1%	104.37	82.15	8,819	11,328	5,776.6	1,273.8	5.99	7.02	1.96x	8.9x	16.6x	14.4x	1.31x	
Psychemedics Corp.	PMD	13.99	16.2%	22.3%	14.20	10.55	74	72	26.0	5.8	0.57	0.67	2.75x	12.3x	23.1x	20.9x	1.74x	
Quest Diagnostics Inc.	DGX	59.91	2.7%	3.8%	63.40	55.16	8,713	11,977	7,163.3	1,424.9	3.92	3.88	1.67x	8.4x	11.6x	15.5x	1.42x	
Sonic Healthcare Limited	SHL	15.32	12.8%	24.2%	15.61	11.86	6,134	7,809	3,306.7	599.8	0.78	0.87	2.36x	13.0x	19.1x	17.7x	2.46x	
Median			12.8%	19.1%									1.96x	8.9x	19.0x	17.5x	1.42x	
Contract Research Orgs																		
Albany Molecular Research Inc.	AMRI	\$13.10	3.1%	270.1%	\$13.90	\$3.40	\$414	\$383	\$241.7	\$39.1	(\$0.12)	\$0.64	1.59x	9.8x	NM	20.5x	NM	
Charles River Laboratories International, Inc.	CRL	49.21	8.1%	31.9%	49.50	35.54	2,368	2,884	1,156.4	265.7	2.10	2.88	2.49x	10.9x	22.2x	17.1x	1.90x	
Covance Inc.	CVD	89.26	8.2%	83.2%	91.99	48.09	4,990	4,662	2,341.4	351.0	1.68	3.20	1.99x	13.3x	30.1x	27.9x	1.75x	
ICON Public Limited Company	ICLR	40.49	3.2%	72.0%	44.23	23.97	2,464	2,283	1,291.0	161.0	0.92	1.69	1.77x	14.2x	27.5x	23.9x	1.37x	
PAREXEL International Corporation	PRXL	45.71	(7.6%)	48.9%	55.02	28.45	2,600	2,767	1,788.9	223.9	1.28	1.94	1.55x	12.4x	25.2x	23.6x	1.17x	
Quintiles Transnational Holdings Inc.	Q	41.99	(6.4%)	NM	47.50	40.10	5,414	6,877	3,750.2	524.1	1.51	2.06	1.83x	13.1x	27.5x	20.4x	1.70x	
Median			3.2%	72.0%									1.80x	12.7x	27.5x	22.0x	1.70x	
Diagnostic Imaging																		
Alliance HealthCare Services, Inc.	AIQ	\$25.21	28.0%	265.4%	\$32.85	\$5.71	\$262	\$822	\$455.6	\$143.7	(\$1.12)	NM	1.80x	5.7x	NM	NM	NM	
American Shared Hospital Services	AMS	2.44	(16.6%)	(18.3%)	3.46	1.52	11	49	17.6	9.1	0.01	NM	2.76x	5.3x	NM	NM	NM	
RadNet, Inc.	RDNT	2.45	(11.9%)	(5.8%)	3.35	2.13	98	684	669.2	99.9	1.64	0.21	1.02x	6.8x	1.5x	11.8x	2.36x	
Median			(11.9%)	(5.8%)									1.80x	5.7x	1.5x	11.8x	2.36x	
Dialysis Services																		
DaVita HealthCare Partners Inc.	DVA	\$56.21	(3.4%)	(0.1%)	\$65.67	\$52.23	\$11,950	\$20,573	\$10,120.7	\$2,100.6	\$2.74	\$3.80	2.03x	9.8x	20.4x	14.8x	1.26x	
Fresenius Medical Care AG & Co. KGaA	FME	65.88	2.8%	(10.1%)	76.06	62.77	20,310	29,197	14,194.4	2,759.8	3.87	3.63	2.06x	10.6x	19.2x	18.3x	2.97x	
Median			(0.3%)	(5.1%)									2.04x	10.2x	19.8x	16.6x	2.11x	

Source: Capital IQ as of October 31, 2013; For definitions, see page 9

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Company Name	Ticker	Price 10/31/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
Distribution / Supply																	
Aceto Corp.	ACET	\$15.95	2.8%	59.2%	\$17.29	\$9.07	\$449	\$446	\$499.7	\$44.6	\$0.68	\$1.02	0.89x	10.0x	19.7x	15.7x	1.05x
AmerisourceBergen Corporation	ABC	65.33	12.1%	65.6%	65.98	39.51	15,091	15,257	87,959.2	1,128.2	2.89	3.18	0.17x	13.5x	31.1x	20.5x	1.45x
Cardinal Health, Inc.	CAH	58.66	17.1%	42.6%	59.10	38.76	19,965	21,095	99,727.0	2,514.0	3.29	3.93	0.21x	8.4x	NM	14.9x	1.44x
Henry Schein, Inc.	HSIC	112.43	8.3%	52.4%	113.69	73.98	9,724	10,582	9,442.7	800.9	4.32	4.89	1.12x	13.2x	24.4x	23.0x	2.10x
McKesson Corporation	MCK	156.34	27.5%	67.5%	158.38	90.60	35,913	37,827	127,163.0	3,216.0	6.59	7.64	0.30x	11.8x	26.4x	20.5x	1.39x
Owens & Minor Inc.	OMI	37.42	4.1%	31.4%	37.83	26.97	2,368	2,376	9,171.9	238.4	1.72	1.90	0.26x	10.0x	22.7x	19.7x	2.19x
Patterson Companies, Inc.	PDCO	42.51	4.0%	27.3%	42.69	31.36	4,476	4,733	3,628.1	398.6	2.00	2.13	1.30x	11.9x	20.9x	20.0x	1.94x
Median			8.3%	52.4%									0.30x	11.8x	23.5x	20.0x	1.45x
Emergency Services																	
Air Methods Corp.	AIRM	\$43.72	30.2%	19.6%	\$50.61	\$32.24	\$1,700	\$2,340	\$843.0	\$213.5	\$2.39	\$1.82	2.78x	11.0x	27.3x	24.0x	1.43x
InfuSystem Holdings, Inc.	INFU	1.50	(0.0%)	(7.4%)	1.89	1.27	33	61	53.7	12.1	(0.07)	0.06	1.14x	5.1x	NM	25.0x	1.67x
Median			15.1%	6.1%									1.96x	8.0x	27.3x	24.5x	1.55x
HCIT - Provider Based																	
Accretive Health, Inc.	AH	\$8.26	(17.2%)	(29.9%)	\$13.54	\$8.21	\$803	\$607	\$973.6	\$28.7	\$0.25	\$0.47	0.62x	21.2x	48.7x	17.5x	0.78x
The Advisory Board Company	ABCO	68.60	16.9%	44.4%	70.55	42.72	2,459	2,419	487.5	68.5	0.61	1.23	4.96x	35.3x	NM	56.0x	3.05x
Allscripts Healthcare Solutions, Inc.	MDRX	13.83	(12.5%)	7.0%	16.43	8.85	2,442	2,915	1,403.6	69.3	(0.01)	0.33	2.08x	42.1x	NM	41.9x	4.03x
athenahealth, Inc.	ATHN	133.51	19.3%	107.7%	144.19	56.33	4,965	5,146	539.7	479	0.50	1.03	9.53x	NM	NM	NM	NM
Cerner Corporation	CERN	56.03	14.3%	47.1%	59.42	37.41	19,233	18,494	2,760.6	811.7	1.13	1.41	6.70x	22.8x	43.8x	39.7x	2.18x
Computer Programs & Systems Inc.	CPSI	57.04	2.3%	16.9%	61.89	46.08	632	618	197.5	50.1	2.71	2.84	3.13x	12.4x	19.8x	20.1x	1.54x
Greenway Medical Technologies, Inc.	GWAY	20.35	75.9%	22.7%	20.70	10.30	608	597	134.8	(3.0)	(0.87)	(0.15)	4.43x	NM	NM	NM	NM
MedAssets, Inc.	MDAS	23.03	5.8%	29.9%	26.58	15.40	1,424	2,226	673.7	206.7	(0.12)	1.30	3.30x	10.8x	NM	17.7x	1.34x
Merge Healthcare Incorporated	MRGE	2.54	(43.9%)	(25.5%)	4.71	2.27	238	465	242.7	17.8	(0.31)	0.06	1.91x	26.1x	NM	44.8x	1.68x
Quality Systems Inc.	QSII	22.82	(0.2%)	30.8%	24.15	16.45	1,372	1,288	446.4	89.0	1.04	0.84	2.88x	14.5x	39.3x	27.3x	2.42x
Median			4.1%	26.3%									3.22x	22.0x	41.5x	33.5x	1.93x

Source: Capital IQ as of October 31, 2013; For definitions, see page 9

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 10/31/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
HCIT - Specialty																	
Accelrys Inc.	ACCL	\$9.35	7.1%	4.5%	\$10.00	\$7.75	\$519	\$416	\$166.2	\$11.0	(\$0.19)	\$0.34	2.50x	37.6x	NM	27.5x	1.53x
BioTelemetry, Inc.	BEAT	9.14	20.9%	276.1%	11.27	2.00	234	214	111.0	6.2	(0.49)	(0.28)	1.93x	34.6x	NM	NM	NM
HealthStream Inc.	HSTM	35.72	13.4%	39.9%	39.77	19.50	974	869	123.1	23.0	0.28	0.34	7.06x	37.8x	NM	NM	NM
HMS Holdings Corp.	HMSY	21.16	(12.5%)	(8.5%)	31.93	20.73	1,858	2,029	488.7	140.8	0.57	0.86	4.15x	14.4x	39.2x	24.7x	1.32x
Medidata Solutions, Inc.	MDSO	110.31	19.2%	162.5%	127.77	37.00	2,950	2,819	260.9	41.8	0.71	1.42	10.80x	67.4x	NM	77.7x	3.42x
Omnicell Inc.	OMCL	23.07	9.3%	58.2%	25.22	14.16	804	688	365.0	54.2	0.47	1.05	1.88x	12.7x	36.0x	21.9x	1.43x
Streamline Health Solutions, Inc.	STRM	8.15	9.4%	42.5%	8.40	4.75	106	122	28.5	1.3	(0.48)	(0.02)	4.28x	93.9x	NM	NM	NM
WebMD Health Corp.	WBMD	35.22	6.7%	136.4%	37.31	13.13	1,426	1,350	501.8	61.4	(0.45)	0.84	2.69x	22.0x	NM	41.8x	4.40x
Median			9.4%	50.4%									3.42x	36.1x	37.6x	27.5x	1.53x
Healthcare Staffing																	
AMN Healthcare Services Inc.	AHS	\$12.40	(16.1%)	25.0%	\$16.20	\$9.63	\$570	\$687	\$1,011.0	\$73.9	\$0.35	\$0.65	0.68x	9.3x	18.8x	19.1x	1.10x
Cross Country Healthcare, Inc.	CCRN	5.94	5.3%	35.0%	6.25	3.80	185	159	445.1	5.3	(0.67)	(0.04)	0.36x	NM	NM	NM	NM
IPC The Hospitalist Company, Inc.	IPCM	54.79	8.8%	58.9%	56.14	33.83	926	948	585.5	64.2	1.92	2.20	1.62x	14.8x	23.3x	24.9x	1.53x
On Assignment Inc.	ASGN	33.79	10.7%	77.1%	35.07	18.00	1,811	2,124	1,681.9	174.1	0.89	1.48	1.26x	12.2x	33.0x	22.9x	1.52x
Team Health Holdings, Inc.	TMH	43.44	8.0%	63.2%	46.11	25.99	3,024	3,440	2,239.7	221.9	0.93	1.76	1.54x	15.5x	42.2x	24.6x	1.70x
Median			8.0%	58.9%									1.26x	13.5x	28.2x	23.7x	1.53x
Home Care / Hospice																	
Addus HomeCare Corporation	ADUS	\$25.85	31.6%	376.1%	\$32.40	\$5.12	\$282	\$243	\$253.7	\$19.2	\$0.86	\$0.93	0.96x	12.7x	25.6x	27.8x	2.06x
Almost Family Inc.	AFAM	19.23	0.5%	(7.2%)	21.98	17.66	181	150	348.0	25.8	1.85	1.19	0.43x	5.8x	12.9x	16.2x	1.41x
Amedisys Inc.	AMED	16.28	30.1%	47.5%	18.70	8.81	524	570	1,388.1	74.2	(2.75)	0.53	0.41x	7.7x	NM	30.8x	2.47x
Chemed Corp.	CHE	67.82	(3.9%)	0.8%	82.00	56.51	1,265	1,363	1,433.3	190.9	4.62	5.63	0.95x	7.1x	15.8x	12.0x	0.80x
Gentiva Health Services Inc.	GTIV	11.42	6.3%	21.9%	13.85	8.47	358	1,085	1,665.5	162.5	0.87	0.94	0.65x	6.7x	NM	12.1x	1.21x
LHC Group, Inc.	LHCG	20.60	(10.2%)	17.6%	26.90	16.18	362	396	635.4	61.0	1.53	1.34	0.62x	6.5x	13.7x	15.4x	1.36x
Median			3.4%	19.7%									0.64x	6.9x	14.8x	15.8x	1.38x

Source: Capital IQ as of October 31, 2013; For definitions, see page 9

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 10/31/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
Long Term Care																	
Diversicare Healthcare Services Inc.	DVCR	\$4.87	(8.9%)	(6.3%)	\$6.11	\$4.45	\$29	\$84	\$318.5	\$6.5	(\$0.63)	NM	0.26x	12.9x	NM	NM	NM
Kindred Healthcare Inc.	KND	13.88	(9.6%)	41.6%	16.63	9.68	752	2,328	6,186.4	426.9	(0.65)	1.21	0.38x	5.5x	NM	11.5x	1.04x
National Healthcare Corp.	NHC	48.38	0.7%	1.6%	50.82	43.39	680	672	748.1	98.7	3.49	3.37	0.90x	6.8x	13.5x	14.4x	NM
The Ensign Group, Inc.	ENSG	42.58	11.3%	46.0%	44.96	24.97	934	1,120	857.0	87.3	1.85	2.71	1.31x	12.8x	NM	15.7x	1.15x
Median			(4.1%)	21.6%									0.64x	9.8x	13.5x	14.4x	1.10x
Managed Care - Commercial																	
Aetna Inc.	AET	\$62.70	(2.3%)	43.5%	\$69.20	\$40.32	\$23,042	\$29,828	\$44,037.6	\$3,921.3	\$4.81	\$5.87	0.68x	7.6x	12.7x	10.7x	0.84x
Cigna Corp.	CI	76.98	(1.1%)	50.9%	84.68	49.34	21,278	23,562	31,849.0	3,732.0	5.61	6.74	0.74x	6.3x	14.5x	11.4x	1.00x
Health Net, Inc.	HNT	30.40	(0.9%)	41.3%	33.90	21.51	2,414	2,658	11,152.8	266.3	0.31	2.26	0.24x	10.0x	21.9x	13.5x	0.79x
Humana Inc.	HUM	92.15	1.0%	24.1%	99.85	63.93	14,418	15,751	40,015.0	2,697.0	7.47	8.73	0.39x	5.8x	9.8x	10.6x	1.00x
UnitedHealth Group Incorporated	UNH	68.26	(6.3%)	21.9%	75.88	51.09	69,400	79,027	120,141.0	10,255.0	5.28	5.49	0.66x	7.7x	12.9x	12.4x	1.15x
Universal American Corp.	UAM	7.42	(31.5%)	(17.9%)	11.13	7.26	635	727	2,200.9	108.1	0.61	0.32	0.33x	6.7x	NM	23.0x	2.00x
WellPoint Inc.	WLP	84.80	(0.9%)	38.3%	90.00	53.69	25,051	38,567	68,988.7	5,499.3	8.18	8.50	0.56x	7.0x	9.2x	10.0x	0.92x
Median			(1.1%)	38.3%									0.56x	7.0x	12.8x	11.4x	1.00x
Managed Care - Government																	
Centene Corp.	CNC	\$56.16	1.2%	47.9%	\$67.84	\$37.66	\$3,076	\$2,861	\$10,589.2	\$274.6	\$0.03	\$2.83	0.27x	10.4x	26.6x	19.8x	0.96x
Molina Healthcare, Inc.	MOH	31.64	(14.8%)	26.2%	40.90	24.67	1,448	1,361	6,575.8	234.9	0.21	1.17	0.21x	5.8x	19.4x	27.1x	0.96x
WellCare Health Plans, Inc.	WCG	66.68	9.3%	40.1%	73.42	44.75	2,904	2,055	9,079.2	316.3	4.22	4.91	0.23x	6.5x	18.8x	13.6x	1.04x
Median			1.2%	40.1%									0.23x	6.5x	19.4x	19.8x	0.96x

Source: Capital IQ as of October 31, 2013; For definitions, see page 9

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 10/31/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
Other Services																	
Healthcare Services Group Inc.	HCSG	\$27.39	11.3%	14.6%	\$28.07	\$21.47	\$1,912	\$1,850	\$1,123.1	\$82.6	\$0.65	\$0.80	1.65x	22.4x	34.7x	34.2x	2.09x
PDI, Inc.	PDII	4.77	2.6%	(30.4%)	8.25	3.82	72	19	147.6	2.5	(1.75)	(0.21)	0.13x	7.5x	NM	NM	NM
Sharps Compliance Corp.	SMED	3.82	48.6%	19.0%	4.04	2.01	59	43	22.7	(0.6)	(0.29)	(0.05)	1.91x	NM	NM	NM	NM
Stericycle, Inc.	SRCL	116.20	0.2%	22.6%	121.61	89.77	9,981	11,337	2,078.5	623.6	3.08	3.73	5.45x	18.2x	33.5x	31.2x	1.91x
Median			6.9%	16.8%									1.78x	18.2x	34.1x	32.7x	2.00x
Pharmacy Management																	
BioScrip Inc.	BIOS	\$7.01	(56.9%)	(23.7%)	\$17.62	\$6.95	\$475	\$619	\$740.9	\$34.5	(\$0.15)	\$0.15	0.84x	17.9x	NM	46.0x	2.31x
Catamaran Corporation	CCT	46.82	(9.6%)	4.3%	58.31	43.54	9,659	10,238	13,580.8	689.7	0.70	1.95	0.75x	14.8x	42.5x	24.1x	0.84x
Express Scripts Holding Company	ESRX	62.52	(4.6%)	1.6%	67.66	49.79	50,379	62,787	105,826.3	6,552.5	1.79	4.32	0.59x	9.6x	27.4x	14.5x	0.90x
Omnicare Inc.	OCR	55.15	4.5%	59.7%	57.84	33.29	5,679	7,149	6,205.8	718.3	1.73	3.61	1.15x	10.0x	NM	15.3x	1.25x
PharMerica Corporation	PMC	14.76	0.8%	20.8%	16.45	11.84	439	684	1,745.8	117.9	0.77	1.55	0.39x	5.8x	14.5x	9.5x	0.95x
Median			(4.6%)	4.3%									0.75x	10.0x	27.4x	15.3x	0.95x
Physician Practice Management																	
Birmer Dental Management Services Inc.	BDMS	\$19.23	5.4%	11.5%	\$23.03	\$16.21	\$36	\$41	\$63.4	\$4.7	\$0.44	NM	0.65x	8.8x	45.6x	NM	NM
MEDNAX, Inc.	MD	109.02	11.9%	58.0%	109.95	69.52	5,346	5,449	2,058.0	468.8	4.85	5.49	2.65x	11.6x	20.5x	19.9x	1.37x
Median			8.6%	34.8%									1.65x	10.2x	33.1x	19.9x	1.37x
Psychiatric Hospitals																	
Acadia Healthcare Company, Inc.	ACHC	\$43.42	17.8%	111.1%	\$43.71	\$18.64	\$2,193	\$2,775	\$637.7	\$126.1	\$0.53	\$1.06	NM	22.0x	NM	40.8x	1.63x
Magellan Health Services Inc.	MGLN	58.70	2.7%	17.0%	62.00	46.00	1,589	1,261	3,368.4	242.6	5.42	4.30	0.37x	5.2x	11.3x	13.6x	0.97x
Providence Service Corp.	PRSC	29.89	8.4%	193.0%	31.31	9.71	400	457	1,135.9	58.2	0.64	1.56	0.40x	7.8x	23.9x	19.2x	1.28x
Median			8.4%	111.1%									0.39x	7.8x	17.6x	19.2x	1.28x

Source: Capital IQ as of October 31, 2013; For definitions, see page 9

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 10/31/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
Specialty Managed Care																	
Assurant Inc.	AIZ	\$58.48	8.0%	54.7%	\$60.26	\$33.62	\$4,252	\$4,700	\$8,821.4	\$852.4	\$5.67	\$6.09	0.53x	5.5x	11.4x	9.6x	1.28x
Triple-S Management Corporation	GTS	17.81	(18.2%)	(1.3%)	23.70	16.05	504	576	2,401.0	109.4	1.90	2.06	0.24x	5.3x	7.5x	8.7x	0.77x
Median			(5.1%)	26.7%									0.39x	5.4x	9.5x	9.1x	1.03x
Surgicenters / Rehabilitation																	
AmSurg Corp.	AMSG	\$42.89	9.7%	50.4%	\$43.84	\$25.00	\$1,379	\$2,481	\$1,042.1	\$351.0	\$1.98	\$2.20	2.38x	7.1x	19.9x	19.5x	1.34x
ASC Acquisition LLC	SCAI	\$26.25	NM	NM	\$28.53	\$25.50	\$1,001	\$1,870	\$753.1	\$189.9	(\$0.06)	NM	2.48x	9.8x	NM	NM	NM
Hanger, Inc.	HGR	36.70	(0.6%)	44.8%	38.14	22.38	1,268	1,766	1,049.0	174.7	1.83	2.10	1.68x	10.1x	19.7x	17.5x	1.22x
HealthSouth Corp.	HLS	35.11	7.8%	58.7%	37.01	19.85	3,070	4,802	2,224.4	537.2	1.65	1.87	2.16x	8.9x	11.1x	18.8x	1.28x
LCA-Vision Inc.	LCAV	3.29	(18.2%)	(13.9%)	4.26	2.67	63	36	91.8	(2.4)	(0.45)	(0.08)	0.39x	NM	NM	NM	NM
Select Medical Holdings Corporation	SEM	8.48	(5.5%)	(19.9%)	12.03	7.21	1,184	2,714	2,935.7	378.1	1.05	0.93	0.92x	7.2x	9.5x	9.1x	0.83x
US Physical Therapy Inc.	USPH	31.92	11.5%	19.6%	35.01	22.69	386	416	251.1	41.7	1.51	1.52	1.66x	10.0x	22.2x	21.0x	1.53x
Median			3.6%	32.2%									1.68x	9.4x	19.7x	18.8x	1.28x

Definitions

PEG Ratio: Price Earnings to Growth

EBITDA: Earnings Before Interest, Taxes, Depreciation, and Amortization

EPS: Earnings Per Share

Enterprise Value: Market Capitalization + Total Debt + Preferred Equity + Minority Interest – Cash and Short-Term Investments

LTM: Last Twelve Months

MARKET SECTOR	No. of Co's	Ag. Eqty Mkt Value	Median% Change		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	Rev	EBITDA	LTM	2013E	
Biotechnology	33	\$417,560	1.1%	34.3%	8.71x	18.7x	31.4x	27.6x	1.4x
Cardiology Devices	16	105,250	5.5%	42.3%	3.43x	13.6x	42.3x	23.6x	2.3x
Conglomerates	6	453,679	5.6%	34.8%	2.73x	11.1x	19.1x	17.7x	2.0x
Dental Devices	8	17,777	7.3%	27.0%	2.66x	15.4x	28.0x	21.1x	1.5x
Diagnostic Imaging Devices	5	7,964	30.3%	25.2%	1.90x	13.5x	37.2x	21.3x	1.3x
Diversified Medical Devices	17	90,081	8.6%	29.5%	2.55x	13.6x	26.4x	20.4x	1.7x
Infection Prevention Devices	2	4,093	16.3%	64.7%	2.72x	14.3x	27.3x	27.8x	1.8x
Lab Equipment	2	7,455	20.9%	50.2%	1.87x	11.0x	18.6x	23.5x	1.7x
Lab Instrumentation & Devices	3	12,199	9.3%	45.5%	1.94x	15.3x	30.4x	25.1x	2.1x
Large-Cap Pharmaceuticals	6	579,768	2.2%	2.4%	3.91x	10.1x	20.9x	14.6x	4.2x
Life Science Conglomerates	4	64,213	9.5%	57.0%	3.53x	14.9x	31.2x	18.4x	1.8x
Life Science Consumables	5	8,568	14.8%	29.7%	2.02x	17.1x	25.6x	27.0x	1.7x
Mobility Devices	3	3,152	11.4%	47.0%	0.88x	9.4x	20.6x	15.5x	1.8x
Neural Implant Devices	2	2,866	13.7%	22.3%	3.79x	14.4x	34.4x	24.2x	1.7x
Ophthalmology Devices	3	6,564	(0.6%)	34.6%	1.34x	14.5x	20.6x	23.5x	1.1x
Orthopedics Devices	7	47,458	4.8%	36.2%	2.43x	9.6x	22.2x	20.6x	2.0x
Pharmaceuticals	25	89,575	12.2%	52.6%	4.32x	12.9x	24.9x	20.5x	1.0x
Surgical Devices	5	16,426	(4.3%)	5.8%	1.87x	12.2x	28.1x	23.1x	1.9x
Total / Median (\$MM)	152	1,934,647	9.0%	34.7%	2.60x	13.6x	26.9x	22.2x	1.7x

Source: Capital IQ

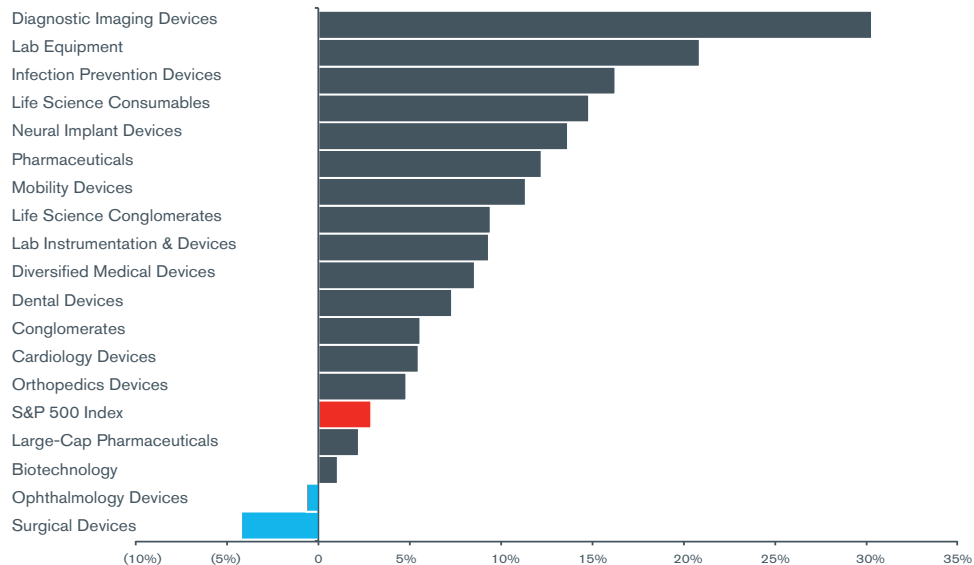
CAPITALIZATION PROFILE	No. of Co's	Ag. Eqty Mkt Value	% Total No. of Co's	% Ag. Eqty Mkt Value	Median Stock Performance			
					3 mo	YTD	12 mo	36 mo
> \$5 billion	44	\$1,810,933	28.9%	93.6%	5.0%	73.5%	40.6%	33.7%
\$1 billion - \$5 billion	42	100,533	27.6%	5.2%	12.4%	69.3%	51.4%	38.8%
\$250 million - \$1 billion	35	19,444	23.0%	1.0%	9.7%	69.2%	56.1%	49.9%
\$100 million - \$250 million	18	3,079	11.8%	0.2%	6.6%	133.2%	52.1%	49.7%
< \$100 million	13	659	8.6%	0.0%	17.2%	123.3%	42.5%	51.4%
Total / Median (\$MM)	152	\$1,934,647	100.0%	100.0%	9.0%	73.5%	34.7%	49.7%

Source: Capital IQ

INTEREST RATES	Value at 10/31/13	1 mo ago	3 mo ago	12 mo ago
LIBOR - USD - 5 Month	0.00%	0.00%	0.37%	0.46%
U.S. Treasury - 2 year	0.31%	0.33%	0.31%	0.28%
U.S. Treasury - 5 years	1.32%	1.34%	1.39%	0.71%
U.S. Treasury - 10 years	2.54%	2.62%	2.59%	1.69%
U.S. Treasury - 30 years	3.63%	3.69%	3.65%	3.65%
U.S. Prime Rate	3.25%	3.25%	3.25%	3.25%

Source: Capital IQ

Median% Change – 3 months



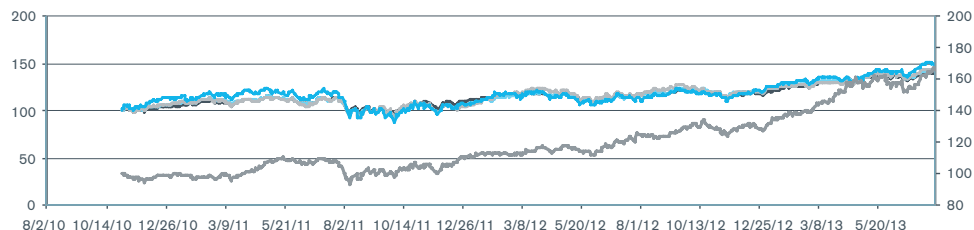
Source: Capital IQ

MARKET INDICES

MARKET INDICES	Value at 10/31/13	% Change			
		3 mo	YTD	12 mo	36 mo
Dow Jones Industrial Average	\$15,545.8	(0.5%)	18.6%	17.5%	39.7%
S&P 500 Index	1,756.5	2.9%	23.2%	23.0%	48.3%
NASDAQ Composite Index	3,919.7	6.6%	29.8%	29.8%	56.5%
Russell 2000 Index	1,100.2	3.8%	29.5%	32.9%	57.5%
S&P Life Science Tools & Services (Industry) Index	249.5	5.3%	38.9%	43.7%	62.0%
S&P 500 Pharmaceuticals (Industry) Index	471.0	2.1%	26.2%	23.7%	54.9%
Dow Jones U.S. Pharmaceuticals & Biotechnology Index	525.6	2.9%	35.4%	34.4%	76.5%
S&P 500 Biotechnology (Industry) Index	2,638.6	7.3%	64.1%	70.3%	165.0%
Dow Jones U.S. Medical Equipment Index	726.1	3.3%	30.6%	30.8%	62.5%
S&P 500 - Pharmaceuticals, Biotechnology & Life Sciences (Industry Group)	595.4	3.6%	35.0%	34.2%	73.2%

Source: Capital IQ

Performance of Market Indices for Latest 36 months



Source: Capital IQ

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 10/31/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E	
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E		
Biotechnology																		
Acorda Therapeutics, Inc.	ACOR	\$30.61	(19.4%)	27.8%	\$40.87	\$22.67	\$1,246	\$897	\$325.3	\$25.8	\$3.84	\$1.18	2.76x	34.8x	8.8x	26.1x	0.90x	
Alexion Pharmaceuticals, Inc.	ALXN	122.95	5.8%	36.0%	126.39	81.82	24,107	22,942	1,430.0	536.6	1.28	3.03	16.04x	42.8x	69.5x	40.6x	1.56x	
Alkermes plc	ALKS	35.20	4.8%	90.0%	36.72	18.21	4,813	4,840	577.8	153.9	(0.32)	1.06	8.38x	31.5x	NM	28.8x	1.64x	
Amarin Corporation plc	AMRN	1.65	(69.7%)	(86.0%)	12.90	1.60	285	372	7.8	(178.3)	(1.24)	(1.35)	NM	NM	NM	NM	NM	
Amgen Inc.	AMGN	116.14	7.2%	34.3%	118.96	81.56	87,584	92,215	18,086.0	7,271.0	5.52	7.45	5.10x	12.7x	18.4x	15.6x	1.74x	
Athersys, Inc.	ATHX	1.71	11.8%	72.7%	2.42	0.95	102	84	4.2	(20.9)	(0.45)	(0.50)	19.92x	NM	NM	NM	NM	
Biogen Idec Inc.	BIIB	244.19	11.9%	76.7%	262.00	134.00	57,681	57,711	6,384.3	2,731.0	5.76	8.86	9.04x	21.1x	34.3x	27.6x	1.39x	
BioSpecifics Technologies Corp.	BSTC	18.70	13.4%	16.9%	19.99	12.52	119	107	13.2	6.5	0.43	0.57	8.07x	16.3x	32.8x	33.1x	1.50x	
Cangene Corp.	CNJ	2.39	14.2%	51.5%	3.14	1.34	160	114	127.3	13.8	(0.28)	0.04	0.90x	8.2x	NM	61.7x	NM	
Celgene Corporation	CELG	148.49	1.1%	102.4%	161.64	71.23	61,188	60,020	6,185.4	2,460.2	3.30	5.97	9.70x	24.4x	42.8x	24.9x	1.04x	
Cepheid	CPHD	40.72	16.8%	34.3%	41.40	28.12	2,762	2,689	380.5	22.3	(0.30)	0.24	7.07x	NM	NM	NM	NM	
Cubist Pharmaceuticals Inc.	CBST	62.00	(0.5%)	44.5%	68.00	38.53	4,589	4,432	1,000.6	131.6	2.10	1.52	4.43x	33.7x	NM	40.7x	1.73x	
Curis, Inc.	CRIS	3.99	(3.9%)	4.7%	4.74	2.66	326	299	8.5	(14.3)	(0.21)	(0.16)	NM	NM	NM	NM	NM	
Dyadic International, Inc.	DYAI	1.70	(10.5%)	(12.8%)	2.25	0.90	53	54	14.8	0.4	0.04	NM	3.64x	NM	NM	NM	NM	
Emergent BioSolutions, Inc.	EBS	19.53	10.4%	47.0%	20.00	13.00	708	612	286.7	53.2	0.65	0.77	2.14x	11.5x	28.0x	25.4x	0.74x	
Exelixis, Inc.	EXEL	4.93	(2.6%)	4.0%	5.96	4.29	908	970	34.8	(170.8)	(0.92)	(1.32)	27.88x	NM	NM	NM	NM	
Genomic Health Inc.	GHDX	29.92	(16.0%)	(4.0%)	38.99	25.25	916	809	245.9	7.8	0.26	(0.13)	3.29x	NM	NM	NM	NM	
Gilead Sciences Inc.	GILD	71.18	15.9%	111.9%	73.20	32.07	109,184	114,716	10,670.1	4,599.4	1.64	2.00	10.75x	24.9x	39.2x	35.6x	1.18x	
Immunomedics Inc.	IMMU	3.79	(33.4%)	14.5%	7.35	2.11	315	273	9.4	(27.3)	(0.36)	(0.32)	29.06x	NM	NM	NM	NM	
Ligand Pharmaceuticals Incorporated	LGND	51.75	9.2%	235.6%	58.48	15.44	1,058	1,067	47.9	16.4	(0.13)	0.50	22.29x	NM	NM	NM	NM	
Momenta Pharmaceuticals Inc.	MNTA	16.39	(5.1%)	29.2%	18.08	10.05	857	557	29.8	(89.7)	(1.16)	(2.01)	18.68x	NM	NM	NM	NM	
Myriad Genetics Inc.	MYGN	24.39	(17.8%)	(6.8%)	38.27	22.20	1,861	1,489	613.2	238.4	1.46	1.92	2.43x	6.2x	13.8x	12.7x	1.01x	
Neurocrine Biosciences Inc.	NBIX	9.43	(32.6%)	28.6%	16.74	6.72	635	478	24.1	(27.9)	0.08	(0.70)	19.81x	NM	NM	NM	NM	
Osiris Therapeutics, Inc.	OSIR	13.31	16.2%	26.8%	27.40	6.55	439	412	23.1	(8.6)	(0.34)	(0.38)	17.83x	NM	NM	NM	NM	
PDL BioPharma, Inc.	PDLI	8.09	(0.4%)	8.7%	8.48	6.50	1,132	1,189	406.7	379.9	1.45	1.68	2.92x	3.1x	5.0x	4.8x	NM	
ProMetic Life Sciences Inc.	PLI	0.87	139.5%	550.0%	1.09	0.13	449	447	24.5	1.2	0.00	(0.00)	18.23x	NM	NM	NM	NM	
Regeneron Pharmaceuticals, Inc.	REGN	287.60	6.5%	102.1%	319.83	136.13	27,978	27,914	1,739.6	697.4	6.75	7.25	16.05x	40.0x	38.0x	39.7x	1.66x	
Spectrum Pharmaceuticals, Inc.	SPPI	8.60	1.9%	(22.9%)	13.15	6.92	544	470	211.0	41.1	1.46	(0.30)	2.23x	11.4x	31.4x	NM	NM	
Targacept, Inc.	TRGT	4.75	(5.0%)	16.4%	5.84	3.85	160	61	4.9	(42.1)	(0.21)	(1.37)	12.49x	NM	NM	NM	NM	

Source: Capital IQ as of October 31, 2013; For definitions, see page 18

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 10/31/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
Biotechnology (cont.)																	
Theravance Inc.	THR	\$36.64	(5.0%)	62.8%	\$42.96	\$19.61	\$4,049	\$3,742	\$8.9	(\$136.6)	(\$0.20)	(\$1.57)	NM	NM	NM	NM	NM
United Therapeutics Corporation	UTHR	88.52	18.1%	93.8%	89.08	45.71	4,446	4,013	1,069.8	478.4	5.71	5.52	3.75x	8.4x	16.1x	16.0x	1.16x
Vanda Pharmaceuticals, Inc.	VNDA	7.16	(38.6%)	111.2%	13.47	2.92	237	134	32.6	(17.2)	(0.98)	(0.87)	4.11x	NM	NM	NM	NM
Vertex Pharmaceuticals Incorporated	VRTX	71.35	(10.6%)	47.8%	89.96	38.44	16,667	15,859	1,194.8	(236.8)	(0.51)	(0.81)	13.27x	NM	NM	NM	NM
Median			1.1%	34.3%									8.71x	18.7x	31.4x	27.6x	1.39x
Cardiology Devices																	
ABIOMED, Inc.	ABMD	\$24.01	(4.3%)	21.1%	\$25.25	\$11.80	\$909	\$841	\$162.0	\$14.2	\$0.33	\$0.28	5.19x	NM	93.9x	86.6x	2.76x
AngioDynamics Inc.	ANGO	15.72	31.5%	46.5%	16.20	9.52	552	671	339.6	48.6	(0.25)	0.26	1.97x	13.8x	NM	60.5x	5.62x
Boston Scientific Corporation	BSX	11.69	7.1%	127.4%	12.48	5.08	15,698	19,376	7,126.0	1,615.0	(2.89)	0.45	2.72x	12.0x	NM	25.9x	2.36x
Cardiovascular Systems Inc.	CSII	30.30	47.2%	159.4%	30.99	10.38	764	712	110.4	(23.1)	(1.01)	(1.22)	6.45x	NM	NM	NM	NM
Edwards Lifesciences Corp.	EW	65.19	(8.7%)	(24.9%)	94.98	62.34	7,319	7,094	2,020.0	520.8	2.48	3.05	3.51x	13.6x	18.5x	21.4x	1.39x
Greatbatch, Inc.	GB	38.12	0.8%	73.4%	40.91	21.08	917	1,122	646.5	131.3	(0.20)	2.11	1.74x	8.6x	44.1x	18.1x	1.64x
Heartware International Inc.	HTWR	72.59	(21.5%)	(13.6%)	99.68	69.31	1,194	1,076	155.6	(52.7)	(6.15)	(3.18)	6.92x	NM	NM	NM	NM
LeMaitre Vascular, Inc.	LMAT	8.04	17.7%	37.4%	8.51	5.69	123	109	61.0	6.6	0.16	0.21	1.79x	16.6x	42.3x	38.0x	1.90x
Medtronic, Inc.	MDT	57.40	3.9%	38.0%	58.82	40.28	57,255	57,046	16,665.0	5,636.0	3.28	3.81	3.42x	10.1x	16.5x	15.1x	2.25x
Neovasc Inc.	NVC	3.20	27.0%	135.2%	3.82	1.32	154	149	8.9	(5.2)	(0.01)	NM	16.81x	NM	NM	NM	NM
REVA Medical, Inc.	RVA	0.51	(4.5%)	(8.5%)	0.62	0.37	169	135	0.0	(24.4)	(0.07)	(0.36)	NA	NM	NM	NM	NM
St. Jude Medical Inc.	STJ	57.39	9.5%	50.0%	58.51	30.25	16,482	18,706	5,451.0	1,723.0	2.39	3.73	3.43x	10.9x	23.4x	15.4x	1.65x
Stereotaxis Inc.	STXS	4.37	(16.6%)	151.1%	10.85	1.21	36	61	41.9	(5.7)	(1.33)	NM	1.46x	NM	NM	NM	NM
Sunshine Heart Inc.	SSH	10.54	43.0%	66.8%	13.80	4.85	171	149	0.0	(17.0)	(1.98)	(1.70)	NA	NM	NM	NM	NM
Thoratec Corp.	THOR	43.21	31.8%	21.0%	43.58	29.91	2,462	2,183	503.1	130.9	0.94	1.83	4.34x	16.7x	55.2x	23.6x	2.51x
Volcano Corporation	VOLC	19.17	(4.0%)	(33.0%)	29.55	16.37	1,046	1,001	392.9	31.9	0.15	0.05	2.55x	31.4x	NM	NM	NM
Median			5.5%	42.3%									3.43x	13.6x	42.3x	23.6x	2.25x

Source: Capital IQ as of October 31, 2013; For definitions, see page 18

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 10/31/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
Conglomerates																	
3M Company	MMM	\$125.85	7.2%	43.7%	\$126.38	\$86.74	\$84,731	\$87,653	\$30,689.0	\$7,876.0	\$6.32	\$6.71	2.86x	11.1x	19.3x	18.8x	1.74x
Agilent Technologies Inc.	A	50.76	13.5%	41.0%	53.47	35.45	16,791	17,165	6,831.0	1,382.0	3.13	2.94	2.51x	12.4x	18.9x	17.3x	1.77x
Becton, Dickinson and Company	BDX	105.13	1.4%	38.9%	106.99	74.18	20,418	22,088	7,920.4	2,090.0	5.52	5.82	2.79x	10.6x	18.9x	18.1x	2.18x
Covidien plc	COV	64.11	4.0%	16.7%	68.83	53.36	29,490	32,447	12,145.0	3,332.0	3.93	3.87	2.67x	9.7x	16.0x	16.5x	1.68x
Johnson & Johnson	JNJ	92.61	(1.0%)	30.8%	94.42	68.51	260,982	250,835	70,515.0	22,854.0	3.86	5.48	3.56x	11.0x	20.7x	16.9x	2.59x
Kimberly-Clark Corporation	KMB	108.00	9.3%	29.4%	108.56	82.15	41,267	47,421	21,154.0	4,244.0	4.42	5.73	2.24x	11.2x	22.5x	18.9x	2.54x
Median			5.6%	34.8%									2.73x	11.1x	19.1x	17.7x	1.97x
Dental Devices																	
COLTENE Holding AG	CLTN	\$51.41	4.8%	73.7%	\$54.59	\$28.94	\$216	\$247	\$175.5	\$24.7	\$2.49	\$3.41	1.41x	10.0x	17.0x	15.1x	0.65x
DENTSPLY International Inc.	XRAY	47.11	9.9%	27.9%	47.23	36.59	6,720	8,257	2,950.4	562.5	2.18	2.37	2.80x	14.7x	18.6x	19.9x	1.67x
Nobel Biocare Holding AG	NOBN	16.44	32.7%	79.9%	17.05	7.77	2,019	1,945	772.5	120.4	0.50	0.50	2.52x	16.2x	38.1x	33.0x	1.83x
Orthofix International N.V.	OFIX	20.49	(9.8%)	(48.3%)	40.99	19.35	399	385	446.5	89.7	2.78	1.42	0.86x	4.3x	8.6x	14.5x	1.22x
Osstem Implant Co., Ltd.	A048260	25.50	(10.3%)	(14.2%)	36.70	24.09	362	411	193.9	15.4	0.41	NM	2.12x	26.7x	64.6x	35.0x	NM
Sirona Dental Systems Inc.	SIRO	72.25	2.3%	26.2%	75.81	55.27	3,976	3,848	1,070.3	269.8	2.37	3.42	3.60x	14.3x	28.0x	21.1x	1.72x
Straumann Holding AG	STMN	197.98	29.3%	57.2%	200.17	107.32	3,057	2,920	744.7	132.1	2.58	7.76	3.92x	22.1x	61.2x	25.5x	1.33x
Tornier N.V.	TRNX	21.51	31.2%	25.8%	21.87	14.53	1,028	1,036	297.9	25.8	(0.54)	(0.40)	3.48x	40.2x	NM	NM	NM
Median			7.3%	27.0%									2.66x	15.4x	28.0x	21.1x	1.50x
Orthopedics Devices																	
Exactech Inc.	EXAC	\$22.70	5.1%	35.9%	\$23.16	\$15.68	\$307	\$346	\$234.8	\$40.8	\$0.96	\$1.10	1.48x	8.5x	21.0x	20.6x	1.15x
MAKO Surgical Corp.	MAKO	29.81	112.3%	96.8%	29.89	10.00	1,403	1,343	112.4	(26.3)	(0.76)	(0.72)	11.95x	NM	NM	NM	NM
NuVasive, Inc.	NUVA	31.78	39.3%	120.2%	32.33	13.05	1,418	1,560	660.1	95.1	0.07	1.13	2.36x	16.4x	NM	28.1x	2.40x
Stryker Corporation	SYK	73.86	4.8%	40.4%	74.86	51.81	27,950	25,586	8,891.0	1,648.0	3.39	4.22	2.88x	15.5x	31.7x	17.5x	2.03x
Symmetry Medical, Inc.	SMA	8.10	(7.0%)	(11.6%)	12.83	7.44	302	481	405.4	50.3	0.25	0.20	1.19x	9.6x	NM	40.5x	2.54x
Wright Medical Group Inc.	WMGI	27.18	(0.9%)	33.8%	28.41	18.89	1,247	1,223	502.6	0.5	0.14	(0.56)	2.43x	NM	NM	NM	NM
Zimmer Holdings, Inc.	ZMH	87.47	4.8%	36.2%	89.93	63.56	14,830	15,011	4,563.2	1,647.5	4.29	5.67	3.29x	9.1x	22.2x	15.4x	1.61x
Median			4.8%	36.2%									2.43x	9.6x	22.2x	20.6x	2.03x
Diagnostic Imaging Devices																	
Analogic Corporation	ALOG	\$92.23	29.2%	25.2%	\$96.30	\$66.05	\$1,146	\$1,033	\$550.4	\$70.2	\$2.67	\$4.33	1.88x	14.7x	37.2x	21.3x	1.29x
Digirad Corporation	DRAD	3.33	35.9%	54.9%	3.43	1.80	60	38	49.9	0.8	(0.26)	NM	0.76x	NM	NM	NM	NM
Fonar Corp.	FONR	10.89	89.1%	114.8%	11.75	4.03	67	98	51.7	9.6	0.87	NM	1.90x	10.2x	8.0x	NM	NM

Source: Capital IQ as of October 31, 2013; For definitions, see page 18

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Company Name	Ticker	Price 10/31/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
Diagnostic Imaging Devices (cont.)																	
Given Imaging Ltd.	GIVN	\$20.22	30.3%	11.7%	\$21.17	\$13.01	\$640	\$537	\$184.2	\$24.8	\$0.45	\$0.74	2.92x	21.6x	39.7x	27.4x	1.10x
Hologic Inc.	HOLX	22.38	(1.4%)	8.5%	23.96	18.46	6,051	10,097	2,446.8	821.0	(0.35)	1.50	4.13x	12.3x	NM	14.9x	1.38x
Median			30.3%	25.2%									1.90x	13.5x	37.2x	21.3x	1.29x
Mobility Devices																	
Hill-Rom Holdings, Inc.	HRC	\$41.29	11.4%	47.0%	\$41.43	\$26.29	\$2,422	\$2,602	\$1,716.2	\$277.4	\$1.80	\$2.13	1.52x	9.4x	23.7x	19.4x	1.82x
Invacare Corporation	IVC	21.47	37.5%	57.3%	21.78	10.26	687	711	1,395.1	23.4	(0.26)	(1.07)	0.51x	30.4x	NM	NM	NM
Prism Medical Ltd.	PM	5.02	0.6%	(10.7%)	5.71	4.31	42	62	70.5	7.5	0.26	0.44	0.88x	8.3x	17.5x	11.5x	NM
Median			11.4%	47.0%									0.88x	9.4x	20.6x	15.5x	1.82x
Infection Prevention Devices																	
Cantel Medical Corp.	CMN	\$35.10	32.3%	102.4%	\$36.23	\$16.55	\$1,423	\$1,484	\$422.9	\$81.6	\$0.92	\$0.96	3.51x	18.2x	36.9x	36.8x	2.04x
Steris Corp.	STE	45.19	0.4%	26.9%	47.34	32.23	2,670	3,015	1,560.0	287.5	2.78	2.39	1.93x	10.5x	17.7x	18.9x	1.50x
Median			16.3%	64.7%									2.72x	14.3x	27.3x	27.8x	1.77x
Neural Implant Devices																	
Cyberonics Inc.	CYBX	\$57.76	11.1%	24.9%	\$59.24	\$42.31	\$1,579	\$1,448	\$262.9	\$87.0	\$1.62	\$1.91	5.51x	16.6x	34.4x	30.3x	1.73x
Integra LifeSciences Holdings Corporation	IART	45.78	16.2%	19.7%	46.28	30.87	1,287	1,716	829.9	140.3	1.44	2.53	2.07x	12.2x	NM	18.1x	1.70x
Median			13.7%	22.3%									3.79x	14.4x	34.4x	24.2x	1.71x
Ophthalmology Devices																	
IRIDEX Corporation	IRIX	\$5.97	(1.6%)	50.0%	\$6.58	\$3.60	\$58	\$44	\$36.9	\$2.4	(\$0.02)	\$0.22	1.20x	18.7x	28.0x	27.1x	1.09x
The Cooper Companies Inc.	COO	129.21	1.5%	34.6%	135.41	88.80	6,325	6,565	1,572.2	452.8	5.43	6.55	4.18x	14.5x	20.6x	19.7x	1.25x
Optos plc	OPTS	2.51	(0.6%)	(23.3%)	3.55	1.71	181	240	179.2	30.3	0.22	0.11	1.34x	7.9x	12.0x	23.5x	(0.57x)
Median			(0.6%)	34.6%									1.34x	14.5x	20.6x	23.5x	1.09x
Surgical Devices																	
Alphatec Holdings, Inc.	ATEC	\$1.82	(20.9%)	5.8%	\$2.41	\$1.41	\$174	\$227	\$201.0	\$16.7	(\$0.17)	(\$0.08)	1.13x	13.5x	NM	NM	NM
ArthroCare Corporation	ARTC	37.44	3.3%	24.5%	38.50	30.27	1,062	938	373.2	86.9	1.25	1.45	2.51x	10.8x	59.1x	25.7x	1.91x
Bovie Medical Corp.	BVX	2.64	(12.0%)	(29.6%)	4.79	2.10	47	47	25.2	(0.0)	0.03	NM	1.87x	NM	NM	NM	NM
CONMED Corporation	CNMD	36.27	10.6%	31.0%	37.82	25.39	1,002	1,177	756.1	125.8	1.41	1.76	1.56x	9.4x	28.1x	20.6x	1.96x
Intuitive Surgical, Inc.	ISRG	371.50	(4.3%)	(31.5%)	585.67	357.02	14,141	12,928	2,298.2	956.6	15.98	16.09	5.63x	13.5x	22.2x	23.1x	1.89x
Median			(4.3%)	5.8%									1.87x	12.2x	28.1x	23.1x	1.91x

Source: Capital IQ as of October 31, 2013; For definitions, see page 18

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 10/31/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
Diversified Medical Devices																	
Abaxis, Inc.	ABAX	\$35.73	(15.1%)	(2.9%)	\$51.84	\$32.11	\$797	\$712	\$188.8	\$33.9	\$1.14	\$0.83	3.77x	21.0x	42.5x	42.9x	2.74x
AtriCure, Inc.	ATRC	13.85	43.4%	115.7%	14.15	5.90	291	268	78.0	(4.5)	(0.47)	(0.43)	3.44x	NM	NM	NM	NM
Baxter International Inc.	BAX	65.87	(9.8%)	5.2%	74.60	62.45	35,748	42,435	14,644.0	4,071.0	4.18	4.67	2.90x	10.4x	16.7x	14.1x	1.59x
CareFusion Corporation	CFN	38.77	0.5%	46.0%	39.65	26.00	8,289	7,937	3,550.0	821.0	1.74	2.12	2.24x	9.7x	22.3x	18.3x	1.64x
CR Bard Inc.	BCR	136.22	18.9%	41.6%	139.94	93.79	10,610	11,332	2,998.7	831.3	6.16	5.77	3.78x	13.6x	75.2x	23.6x	2.25x
CryoLife Inc.	CRY	8.99	27.0%	45.2%	9.17	5.52	248	231	137.3	21.4	0.28	0.61	1.68x	10.8x	27.4x	14.8x	0.59x
Hospira Inc.	HSP	40.52	(0.4%)	32.0%	42.60	28.62	6,712	7,790	4,003.1	253.1	0.27	2.06	1.95x	30.8x	NM	19.6x	1.71x
IDEXX Laboratories, Inc.	IDXX	107.86	10.1%	12.1%	108.78	81.57	5,597	5,731	1,342.5	323.9	3.17	3.47	4.27x	17.7x	31.5x	31.1x	2.17x
Masimo Corporation	MASI	25.62	10.0%	16.8%	29.08	19.03	1,448	1,357	532.1	100.5	1.07	1.16	2.55x	13.5x	23.1x	22.1x	1.52x
Misonix Inc.	MSON	4.18	(19.4%)	(5.6%)	9.13	2.98	30	24	14.8	(4.5)	(0.10)	(0.29)	1.64x	NM	NM	NM	NM
Natus Medical Inc.	BABY	19.73	54.3%	74.6%	20.49	9.65	607	610	344.3	43.5	0.13	0.97	1.77x	14.0x	32.1x	20.4x	1.27x
PhotoMedex, Inc.	PHMD	12.64	(20.6%)	(5.0%)	17.05	9.85	262	200	226.8	40.8	1.08	1.31	0.88x	4.9x	9.7x	9.6x	0.54x
ResMed Inc.	RMD	51.74	8.6%	29.5%	57.34	38.08	7,351	6,736	1,532.4	473.5	1.98	2.43	4.40x	14.2x	23.8x	21.3x	1.75x
Solta Medical, Inc.	SLTM	1.85	(31.9%)	(37.5%)	3.05	1.44	147	162	152.5	6.5	(0.59)	0.05	1.06x	25.0x	NM	38.4x	NM
SurModics, Inc.	SRDX	23.58	16.5%	31.1%	27.98	17.36	337	308	55.7	20.8	0.73	0.85	5.53x	14.8x	26.4x	27.8x	1.86x
Teleflex Incorporated	TFX	92.18	16.1%	35.7%	92.89	65.46	3,793	4,454	1,656.4	356.5	(4.47)	4.82	2.69x	12.5x	26.8x	19.1x	1.92x
Varian Medical Systems, Inc.	VAR	72.58	0.1%	8.7%	80.66	63.10	7,814	7,139	2,942.9	672.8	3.83	4.05	2.43x	10.6x	18.2x	17.9x	1.50x
Median			8.6%	29.5%									2.55x	13.6x	26.4x	20.4x	1.68x
Life Science Conglomerates																	
Illumina Inc.	ILMN	\$93.51	17.2%	96.9%	\$94.86	\$47.02	\$11,700	\$11,532	\$1,343.1	\$379.7	\$1.13	\$1.77	8.59x	30.4x	NM	52.7x	3.13x
Life Technologies Corporation	LIFE	75.30	0.9%	53.9%	75.31	45.67	13,001	14,941	3,818.4	1,191.3	2.40	4.18	3.91x	12.5x	31.2x	18.0x	1.87x
PerkinElmer Inc.	PKI	38.04	11.6%	23.0%	39.09	29.50	4,261	5,065	2,145.9	337.1	0.60	2.06	2.36x	15.0x	51.6x	18.5x	1.63x
Thermo Fisher Scientific, Inc.	TMO	97.78	7.3%	60.1%	98.52	59.61	35,251	40,513	12,882.7	2,732.3	3.43	5.36	3.14x	14.8x	26.9x	18.2x	1.77x
Median			9.5%	57.0%									3.53x	14.9x	31.2x	18.4x	1.82x

Source: Capital IQ as of October 31, 2013; For definitions, see page 18

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 10/31/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
Lab Instrumentation & Devices																	
Bruker Corporation	BRKR	\$20.46	14.1%	69.2%	\$21.33	\$12.10	\$3,419	\$3,508	\$1,804.6	\$211.8	\$0.46	\$0.81	1.94x	16.6x	42.7x	25.1x	1.88x
Harvard Bioscience Inc.	HBIO	5.85	9.3%	45.5%	6.15	3.70	180	170	105.6	2.8	0.05	0.09	1.61x	NM	NM	65.7x	6.57x
Waters Corporation	WAT	100.92	(0.0%)	23.4%	108.89	80.04	8,600	8,195	1,860.5	580.9	5.19	4.95	4.40x	14.1x	18.1x	20.4x	2.14x
Median			9.3%	45.5%									1.94x	15.3x	30.4x	25.1x	2.14x
Lab Equipment																	
Kewaunee Scientific Corp.	KEQU	\$17.36	29.6%	54.3%	\$17.80	\$11.00	\$45	\$51	\$122.4	\$9.2	\$1.19	NM	0.42x	5.5x	11.3x	NM	NM
Mettler-Toledo International Inc.	MTD	247.46	12.2%	46.1%	251.25	168.62	7,410	7,758	2,338.9	474.0	9.14	10.52	3.32x	16.4x	25.9x	23.5x	1.66x
Median			20.9%	50.2%									1.87x	11.0x	18.6x	23.5x	1.66x
Life Science Consumables																	
Affymetrix Inc.	AFFX	\$7.07	86.1%	123.0%	\$7.35	\$2.96	\$506	\$625	\$322.1	\$36.6	(\$0.15)	\$0.11	1.94x	17.1x	NM	66.9x	3.52x
Bio-Rad Laboratories, Inc.	BIO	123.52	1.3%	21.9%	127.17	99.65	3,527	3,427	2,097.5	341.9	5.72	4.58	1.63x	10.0x	25.6x	27.0x	NM
Cambrex Corporation	CBM	16.82	14.8%	39.2%	17.39	8.81	508	576	285.3	58.5	2.09	0.81	2.02x	9.8x	8.5x	20.8x	1.33x
Luminex Corporation	LMNX	19.50	(2.1%)	21.3%	24.10	15.39	807	766	213.8	29.3	0.30	0.51	3.58x	26.1x	NM	38.1x	1.15x
Techne Corp.	TECH	87.39	18.5%	29.7%	89.99	62.55	3,220	3,035	321.2	175.5	2.98	3.33	9.45x	17.3x	28.3x	26.2x	2.10x
Median			14.8%	29.7%									2.02x	17.1x	25.6x	27.0x	1.71x
Large-Cap Pharmaceuticals																	
AbbVie Inc.	ABBV	\$48.45	6.5%	NM	\$50.20	\$32.51	\$76,814	\$83,214	\$18,885.0	\$7,788.2	\$3.34	\$3.13	4.41x	10.7x	17.1x	15.5x	3.10x
Allergan Inc.	AGN	90.61	(0.6%)	0.8%	116.45	81.33	26,898	25,853	6,247.6	2,042.9	3.58	4.76	4.14x	12.7x	21.4x	19.0x	1.61x
Bristol-Myers Squibb Company	BMJ	52.52	21.5%	58.0%	53.68	30.64	86,476	90,939	16,135.0	4,403.0	1.16	1.74	5.64x	20.7x	31.5x	30.2x	4.83x
Eli Lilly and Company	LLY	49.82	(6.2%)	2.4%	58.41	44.88	54,485	54,391	23,261.7	7,262.3	3.66	4.13	2.34x	7.5x	11.4x	12.1x	8.05x
Merck & Co. Inc.	MRK	45.09	(6.4%)	(1.2%)	50.16	40.02	131,950	144,598	44,450.0	15,295.0	2.00	3.49	3.25x	9.5x	30.3x	12.9x	4.74x
Pfizer Inc.	PFE	30.69	5.0%	23.4%	31.35	23.55	203,144	206,767	56,246.0	24,737.0	1.26	2.23	3.68x	8.4x	20.4x	13.8x	3.60x
Median			2.2%	2.4%									3.91x	10.1x	20.9x	14.6x	4.17x

Source: Capital IQ as of October 31, 2013; For definitions, see page 18

Healthcare Sector Update

(\$ in millions, except per share amounts)

Company Name	Ticker	Price 10/31/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
Pharmaceuticals																	
Akorn, Inc.	AKRX	\$20.44	44.0%	70.2%	\$21.41	\$11.73	\$1,966	\$2,015	\$292.0	\$96.0	\$0.32	\$0.45	6.90x	21.0x	49.9x	45.2x	2.00x
BioDelivery Sciences International, Inc.	BDSI	5.25	21.5%	2.9%	5.92	3.52	200	162	26.1	(34.7)	0.05	(1.12)	6.21x	NM	NM	NM	NM
BioSyent Inc.	RX	3.23	113.9%	238.0%	3.32	0.79	44	41	6.0	1.7	0.11	NM	6.94x	23.9x	28.2x	NM	NM
Cadence Pharmaceuticals Inc.	CADX	4.93	(34.0%)	39.3%	8.26	2.88	424	397	79.4	(42.6)	(0.95)	(0.35)	5.00x	NM	NM	NM	NM
Cipher Pharmaceuticals Inc.	DND	7.56	12.2%	315.8%	9.18	1.73	185	166	16.6	9.8	0.10	0.47	9.98x	16.9x	21.2x	16.1x	NM
Cornerstone Therapeutics Inc.	CRTX	9.47	6.2%	93.7%	10.37	4.56	255	289	150.8	22.9	(0.46)	0.83	1.91x	12.6x	NM	11.4x	NM
Cumberland Pharmaceuticals, Inc.	CPIX	4.89	(12.7%)	(16.7%)	6.25	4.03	89	26	43.6	8.2	0.30	NM	0.59x	3.2x	23.9x	NM	NM
DURECT Corporation	DRRX	1.50	19.0%	9.5%	1.85	0.61	153	132	14.3	(20.3)	0.18	(0.22)	9.23x	NM	NM	NM	NM
Endo Health Solutions Inc.	ENDP	43.73	13.7%	52.6%	47.09	25.01	4,994	7,614	3,026.6	1,191.7	(6.40)	4.56	2.52x	6.4x	NM	9.6x	1.35x
Forest Laboratories Inc.	FRX	47.03	8.0%	39.5%	48.00	31.71	12,625	10,971	3,209.3	147.9	0.43	0.94	3.42x	NM	NM	49.8x	0.89x
Heska Corporation	HSKA	6.07	(12.0%)	(31.5%)	9.37	5.16	35	46	72.6	(1.1)	0.22	(0.41)	0.63x	NM	NM	NM	NM
Hi-Tech Pharmacal Co., Inc.	HITK	43.09	19.9%	37.4%	44.33	28.70	588	481	230.8	47.6	2.25	2.09	2.08x	10.1x	39.8x	20.6x	NM
Impax Laboratories Inc.	IPXL	20.26	(2.3%)	(4.5%)	22.38	14.41	1,356	904	551.8	118.0	0.82	0.38	1.64x	7.7x	10.2x	53.3x	2.30x
Lannett Company, Inc.	LCI	23.61	70.0%	435.4%	25.48	3.93	821	777	151.1	25.0	0.31	0.53	5.14x	31.1x	51.3x	44.5x	1.18x
Mylan, Inc.	MYL	37.87	12.8%	49.4%	40.55	25.30	14,457	20,335	6,823.5	1,864.5	1.52	2.86	2.98x	10.9x	24.9x	13.2x	1.28x
Merus Labs International Inc.	MSL	1.34	40.0%	(4.1%)	1.60	0.46	51	91	24.1	15.2	(0.67)	(0.11)	3.77x	6.0x	NM	NM	NM
Paladin Labs Inc.	PLB	61.01	14.8%	49.6%	63.89	37.34	1,263	1,120	259.1	83.6	2.74	2.30	4.32x	13.4x	21.5x	26.5x	0.52x
Patheon Inc.	PTI	5.42	(0.7%)	52.6%	6.51	2.87	763	1,325	943.1	117.9	(1.06)	0.15	1.40x	11.2x	NM	35.9x	NM
Questcor Pharmaceuticals, Inc.	QCOR	61.37	(7.9%)	140.9%	74.76	21.53	3,544	3,355	716.6	406.3	3.14	4.90	4.68x	8.3x	14.1x	12.5x	0.46x
Salix Pharmaceuticals Ltd.	SLXP	71.75	(2.9%)	83.5%	75.87	37.52	4,425	4,483	821.3	257.6	1.01	3.27	5.46x	17.4x	58.7x	21.9x	0.99x
Santarus, Inc.	SNTS	23.33	(4.1%)	155.5%	28.10	8.47	1,548	1,416	293.7	60.7	0.27	1.59	4.82x	23.3x	16.3x	14.7x	1.17x

Source: Capital IQ as of October 31, 2013; For definitions, see page 18

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Company Name	Ticker	Price 10/31/13	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		EPS		LTM Multiples		Earnings Ratio		PEG Ratio 2013E
			3 mo	12 mo	High	Low			Rev	EBITDA	2012	2013E	Rev	EBITDA	LTM	2013E	
Pharmaceuticals (cont.)																	
SciClone Pharmaceuticals, Inc.	SCLN	\$4.73	(24.4%)	(14.3%)	\$6.30	\$3.68	\$257	\$184	\$132.9	\$19.0	\$0.16	\$0.66	1.38x	9.7x	NM	7.2x	NM
The Medicines Company	MDCO	33.92	9.7%	54.7%	37.40	20.04	1,810	1,739	662.4	131.9	0.93	1.66	2.63x	13.2x	56.5x	20.4x	0.69x
Valeant Pharmaceuticals International, Inc.	VRX	105.42	15.6%	97.4%	114.80	50.05	35,161	43,288	4,692.1	2,367.5	(0.38)	6.14	9.23x	18.3x	NM	17.2x	0.72x
ViroPharma Inc.	VPHM	38.82	13.1%	53.9%	41.14	22.12	2,558	2,456	430.4	57.2	0.08	0.71	5.71x	42.9x	NM	55.1x	0.68x
Median			12.2%	52.6%									4.32x	12.9x	24.9x	20.5x	0.99x

Definitions**PEG Ratio:** Price Earnings to Growth**EBITDA:** Earnings Before Interest, Taxes, Depreciation, and Amortization**EPS:** Earnings Per Share**Enterprise Value:** Market Capitalization + Total Debt + Preferred Equity + Minority Interest – Cash and Short-Term Investments**LTM:** Last Twelve Months

Source: Capital IQ as of October 31, 2013

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